STATE OF VERMONT GREEN MOUNTAIN CARE BOARD

In re:	University of Vermont Medical Center Inpatient Bed Replacement Project)))	GMCB-021-14con
)	

CORRECTION, CLARIFICATION AND AMENDMENT OF CERTIFICATE OF NEED

On July 1, 2015, this Board issued a Certificate of Need in the above-captioned matter. The Board issues the following correction and clarifications:

A. The Board corrects the Certificate of Need to conform the language of Condition B.6 to the language of the corresponding Condition in the Statement of Decision and Order in this same docket, also issued on July 1, 2015. Condition B.6 shall be corrected to read:

- 6. The Applicant shall file implementation reports with the Board at three-month intervals beginning six months from the date of this certificate of need, through the date all components and phases of the Project are complete and fully operational. The implementation reports shall include the following information and analysis:
 - a. Overview of the Project, including information and analysis demonstrating that the Project is in conformance with the scope of the Project as described in the application. Such reports must identify any changes to the financing of the Project and shall include (i) days cash on hand, (ii) operating expenses, (iii) utilization projections, and (iv) any change or anticipated change to credit rating.
 - b. A separate spreadsheet showing quarterly expenditures by individual line item. The spreadsheet shall show the approved overall amount per the application, the amount spent during the quarterly reporting period, the amount spent to date, and the amount remaining in both dollars and in percentages.
 - c. Notice of any material or nonmaterial change, or verification that no material or nonmaterial changes are contemplated or have occurred.

If any financial indicators forecast a change in overall debt capacity, the Applicant must provide the Board a reconciliation report that includes options for expense reductions, productivity management initiatives, investment fund distribution, and reducing or eliminating other capital expenditures.

B. In response to UVMMC's Request for Clarification of Conditions (Request) dated August 14, 2015 and presented to the Board at a public meeting on October 8, 2015, the Board clarifies and amends Condition A.1 of the Certificate of Need and the corresponding Condition A.1 in the Statement of Decision and Order in this same docket, to read as follows:

1. The Applicant shall provide the Board an updated construction cost estimate for the inpatient bed facility based on construction documents, rather than on schematic design. The updated construction cost shall not exceed the estimated construction cost reflected in the November 7, 2014 application of \$139,413,827, which includes the costs of new construction (\$102,423,538), renovation (\$3,953,209), site work (\$7,674,673), fixed equipment (\$7,828,747), and construction contingency (\$17,533,660).

C. In response to UVMMC's request for clarification of Condition A.2(a) of the Certificate of Need, UVMMC shall provide sufficient documentation to enable the Board to determine whether UVMMC's FY2016 performance is consistent with the Board's FY2016 hospital budget order and reflects expense growth and operating margin that demonstrate UVVMC's ongoing ability to sustain the financial burden of the project without unduly increasing costs to ratepayers and consumers. The same principle applies to Condition A.2(b) with respect to UVVMC's FY2017 hospital budget.

D. In response to UVMMC's request for clarification of Condition A.3 of the Certificate of Need, UVMMC shall propose and the Board shall consider the use of alternative financial benchmarks as indicators of financial capacity and stability in order to determine whether UVMMC has satisfied Condition A.3.

D. In response to UVMMC's request for clarification regarding Condition A.5 of the Certificate of Need, the Board has reviewed the September 30, 2015 summaries of alternative financing plans submitted by CFO Todd Keating. At its October 8, 2015 public meeting, individual Board members advised UVMMC that they preferred Option 3— which requires borrowing of \$89,000,000 instead of \$100,000,000—over Option 1, the financing plan submitted with UVMMC's Application. The Board therefore authorizes UVMMC to develop and submit to the Board a financing plan consistent with either the express language of Condition A.5 or as set forth in Option 3.

With the exception of the correction of Condition B.6, amendment of Condition A.1, and clarifications of Conditions as discussed above, the Requirements and Conditions set forth in the Certificate of Need and Statement of Decision and Order in this matter are unchanged.

Dated: October 29, 2015 at Montpelier, Vermont.

s/	Alfred Gobeille)
) GREEN MOUNTAIN
s/	Cornelius Hogan) CARE BOARD
) OF VERMONT
s/	Jessica Holmes)
)
s/	Betty Rambur)
)
<u>s/</u>	Allan Ramsay)